

**Press Release**

**Koda Acquires 70% Equity Interest in Singapore Parent of Vietnam-based Specialist Producer of Leather & Upholstery Furniture, Rossano Design**

- **Aggregate consideration of US\$1.89 million (S\$2.99 million) in cash for 70% stake in Richin Furniture Decor Pte Ltd, which owns 100% of Rossano Design**
- **Acquisition of foreign-managed Rossano Design at once ramps up Group's production facilities for leather and upholstery furniture in Vietnam by at least 20% - 25%**
- **Earnings-accretive investment; acquisition of Rossano Design expected to contribute positively to the Group's net profit in FY2007**

**SINGAPORE, 27 April 2006 – SGX Main board-listed Koda Ltd (“Koda” or “the Group”) today announced that it has entered into a sale and purchase agreement to acquire (the “Acquisition”) a 70% stake in Singapore-incorporated Richin Furniture Decor Pte Ltd (“Richin”), for an aggregate consideration of US\$1.89 million (S\$2.99 million) in cash.**

The Acquisition is in conjunction with Koda's interest in Richin's 100%-owned Vietnam-based Rossano Design Company Limited (“Rossano Design”), a foreign-managed specialist producer of leather and upholstery furniture such as sofa, bedroom and dining room furniture.

Rossano Design was established by its Singapore parent company Richin in 1999. Rossano has significant experience in making leather and upholstery furniture. The balance 30% of the interests in Richin Group is retained by founder Mr Ong Kah Meng, who is General Director of Rossano Design. Koda has also entered into a shareholders' agreement with Mr Ong to regulate the affairs of Richin Group and the relationship between Koda and Mr Ong as shareholders of Richin. .

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Currently, Rossano Design's production operations in Ho Chi Minh, Vietnam is in the vicinity of Koda's main manufacturing facilities in Tan Tao Industrial Park, Binh Tan District.

Koda's Managing Director James Koh said, "We are pleased to extend a warm welcome to the management and staff of Rossano Design. This strategic investment is another step forward in our long term strategy to strengthen the Group's expertise and create greater shareholder value. Rossano Design's operations have been complementing our production of leather and upholstery furniture and are currently profitable hence this investment is earnings-accretive for Koda, which expected to contribute positively to the Group's net profit in FY2007.

"While our revenue and net profit grew fast over the last two years, we are not contented with merely achieving steady organic growth. We aim to leverage on such synergistic partnerships and vertical integration investments to accelerate our sustainable growth at both topline and bottomline," added Mr Koh.

Koda recently announced its net profit for the first half July – December 2005 of current FY2006 jumped 45.6% 1H-on-1H to a record half-year performance of S\$3.6 million on the back of a 24.7% growth in turnover to S\$41.5 million, buoyed by sustained higher efficiency and strong orders for higher-value products from UK/Europe and North America customers.

Explained Mr Koh, "Koda expanded into leather and upholstery furniture just two years ago and Rossano Design's experience in producing leather furniture will fast-track the continuing development of Koda's expertise for this well-demanded and significantly higher-value product line. Rossano Design's production facilities, on full-swing, will increase Koda's production capacity for leather and upholstery furniture by at least 20% to 25%, thus we can leverage on Koda's upscale customer base to enhance margins of Rossano's operations in lower-cost Vietnam. In addition, we can further use Rossano Design as a platform to launch new mid-market product lines to regain customers we had dropped when we successfully moved Koda upmarket."

The consideration was arrived at on a willing seller, willing buyer basis, taking into account the historical and forecast profit after tax of Rossano. Based on the management accounts as at 31 December 2005 provided by the vendor, the consolidated net tangible asset ("NTA") value and the consolidated net profit attributable to the equity interest acquired by Koda pursuant to the Acquisition is approximately US\$1.0 million (S\$1.58 million) and US\$0.8 million (S\$ 1.26 million), respectively. The

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consideration is thus equivalent to approximately 3.4 times Richin Group's historical net profit in FY2005.

The Acquisition was completed today with the consideration satisfied fully in cash funded by internal resources and bank borrowings. Subsequent to the Acquisition, Richin and Rossano Design are now 70%-owned subsidiaries of Koda Group.

### end of release ###

*Issued on behalf of the Company by WeR1 Consultants Pte Ltd:*

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**About Koda Ltd**

*Established in Singapore and founded in 1972, Koda is backed by a management with combined experience of close to a century and recognized as a leading Original Design Manufacturer ("ODM") to the world. Koda is a strong contender for home furniture export and could possibly be the largest dining room furniture exporter in South-East Asia. Koda's range of design-intensive products exudes individuality, sophistication and elegance*

*Koda is well-known for its design strength – leading to appreciation from upscale customers worldwide for its aesthetical and functional pieces. With proven market experience, strong product development and significant in-house design expertise, Koda has been able to offer more than 300 product models, secure orders from more than 150 customers and sell to more than 50 countries. Consistent business strategies and focused growth initiatives differentiates Koda from others.*

*Koda has been emphasizing on cost-effective expansion and the enlarged production and sourcing facilities in Vietnam and China enhance its cost competitiveness. Together with its existing manufacturing base in Malaysia, Koda has a total of 12 purpose-built factory buildings.*

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